

Transamerica High Yield Muni

Class A THAYX | Class I THYIX

Investment Objective

The fund seeks to maximize total return through investment in medium- and lower-grade municipal securities that are exempt from federal income tax.

Sub-adviser

Belle Haven Investments, L.P.



Portfolio Manager

Matthew Dalton
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Product Profile

An actively managed strategy that seeks to identify inefficiencies in the municipal bond market with the goal of maximizing total return by investing primarily in medium-to-lower-grade fixed income securities

- ➔ Opportunistic and tactical management within municipal bond market
- ➔ Focus on achieving total return
- ➔ Tax-advantaged income

Fund Facts

Inception Date (A-I)	07/31/13 - 07/31/13
Benchmark Index	Bloomberg Barclays High Yield Municipal Bond Index
Morningstar Category	
Lipper Category	
Dividend Frequency	Monthly

Average Maturity is computed by weighting the maturity of each security in the portfolio by the market value of the security, then averaging these weighted figures. Average Duration is a time measure of a bond's interest rate sensitivity, based on the weighted average of the time periods over which a bond's cash flows accrue to the bondholder.

Market Overview

The market was busy this quarter, experiencing more volatility than recent quarters. January saw the muni curve steepen considerably, February experienced some volatility early on in addition to a continued yield curve steepening (though less dramatic than January), and March was dominated by both economic and political headlines as the muni curve reversed course and flattened over the month. The big news in March was the first Federal Open Market Committee (FOMC) meeting with U.S. Federal Reserve (Fed) Chair Jerome Powell at the helm, followed by talks of potential trade wars ignited by tariffs. The Fed raised rates another 0.25%, though no major market shifts occurred subsequently, as the decision was in line with investor expectations. Market sentiment deteriorated after the President's announcement about tariffs on steel and aluminum in addition to imports from China. Municipal fund flows were positive in March and muni issuance was up nearly 50% month-over-month, which helped in establishing balanced technicals for the month.

Fund Overview

Transamerica High Yield Muni (Fund) underperformed the index for the quarter -0.79% versus +0.59%. The underperformance was driven primarily by the Fund's credit allocation and duration positioning. The Fund was overweight long duration and overweight investment grade credits, both of which underperformed their counterparts this quarter. Additionally, the water & sewer sector was by far the top-performing sector this quarter, and because the fund held a slightly underweight position relative to the index, this was a major detractor from relative performance for the Fund.

Outlook

With the announcement of potential trade tariffs throwing yet another wrench into the economy's path, the market has seemed to take a pause after a roaring first two months of the year. Supply/demand technicals have been favorable thus far, and Belle Haven doesn't expect this to change dramatically, though tax-related selling, historically-lower redemptions, and an increase in the 30-day visible supply all may cause some disruption in the near-term. Belle Haven will continue to monitor the trajectory of the 2/10 Year U.S. Treasury spreads, which sits at just about 0.50% currently. Though the spread jumped following the steady increase in yields in January, this figure has tumbled over the last month as the muni curve flattened. If the curve continues to flatten to a point of inversion, things could get interesting. An inverted yield curve has preceded every post-World War II recession, and with the recent tariff talk re-awakening certain geo-political tensions, the possibility is becoming more palpable.

All opinions, estimates, projections and security selections contained herein are those of the sub-adviser. It does not constitute investment advice and should not be used as a basis for any investment decisions. There are no sales charges on Class I. Class I shares are primarily offered for investment to institutional investors including, but not limited to, fee-based programs, pension plans, and certain endowment plans and foundations.

This material was prepared for general distribution. It is being provided for informational purposes only and should not be viewed as an investment recommendation. If you need advice regarding your particular investment needs, contact your financial professional.

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Not a deposit of or guaranteed by any bank, bank affiliate, or credit union.**

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30-Day SEC Yield

Class A – Subsidized	2.92%
Class A – Unsubsidized	2.83%

Fixed Income Statistics

Average Price	\$100.52
Average Maturity	9.62 years
Average Duration	6.66 years

Source: Belle Haven

The **30 day SEC Yield** is computed in accordance with a standardized method prescribed by rules of the SEC. The 30 day SEC Yield is computed by dividing the fund's investment income per share earned during a particular 30 day base period by the maximum offering price per share on the last day of the base period, and then annualizing the result. The 30 day SEC Yield is calculated at each month end and updated within the first ten business days of the following month. The subsidized 30 day SEC yield reflects the reimbursements or waivers of certain expenses. Had fees not been waived and/or expenses reimbursed, the yield would be lower. The unsubsidized 30 day SEC yield does not reflect reimbursements or waivers of expense fees.

Top 10 Holdings

	% of Holdings
New York Counties Tobacco Trust VI, Series C, 3.75%, due 06/01/2045	2.65
City of La Vista, 3.25%, due 07/15/2042	2.29
Housing Development Corp., Series C1A, 3.45%, due 05/01/2050	1.88
Illinois Finance Authority, Series A-1, 4.50%, due 12/01/2052	1.61
Western Illinois Economic Development Authority, 4.00%, due 06/01/2036	1.45
East Chicago Sanitary District, 4.00%, due 07/15/2031	1.36
Housing & Redevelopment Authority of The City of St. Paul, Series A, 5.00%, due 07/01/2036	1.21
Buckeye Tobacco Settlement Financing Authority, Series A-2, 5.12%, due 06/01/2024	1.19
City of Atlantic City, Series B, AGM, 4.00%, due 03/01/2042	1.15
Northwest Harris County Municipal Utility District No. 19, BAM, 3.25%, due 10/01/2032	1.09
Percentage of total portfolio	15.88

Holdings are subject to change and are not recommendations to buy or sell a security. Holdings excludes net other assets (liabilities).

Total Return Performance (%)

	3 Mo	YTD	1 Yr	3 Yr*	5 Yr	10 Yr	Inception*
Class A (at NAV)	-0.79	-0.79	6.26	3.92	N/A	N/A	7.51
Class A (at POP)	-3.99	-3.99	2.77	2.79	N/A	N/A	6.75
Class I (at NAV)	-0.67	-0.67	6.41	4.10	N/A	N/A	7.73
BB High Yield Municipal Index	0.59	0.59	6.03	4.59	N/A	N/A	–

* Average Annual Total Return

Calendar Year Performance (%)

	2017	2016	2015	2014	2013	2012	2011
Class A (at NAV)	9.52	-0.59	6.40	17.23	N/A	N/A	N/A
Class I (at NAV)	9.67	-0.44	6.54	17.49	N/A	N/A	N/A
BB High Yield Municipal Index	9.69	2.99	1.81	13.85	N/A	N/A	N/A

The performance data presented represents past performance, which is no guarantee of future results. Current performance may be lower or higher than the performance data quoted. Please see transamerica.com for performance data current to the most recent month-end. The investment return and principal value of mutual funds will fluctuate over time so that shares, when redeemed, may be worth more or less than their original cost.

Net asset value (NAV) returns include reinvestment of dividends and capital gains but do not reflect the deduction of any sales charges. If a sales charge had been deducted, the results would have been lower. Public offering price (POP) returns include reinvestment of dividends and capital gains and reflect the maximum sales charge of 3.25%. Performance for other share classes will vary.

The gross expense ratios for this fund are 1.04% and 0.83% for Class A and Class I shares, respectively. The net expense ratios for this fund are 0.91% and 0.76% for Class A and Class I shares, respectively. Contractual arrangements (if applicable) have been made with the fund's investment manager, Transamerica Asset Management, Inc. (TAM), through March 1, 2019.

Performance figures reflect any fee waivers and/or expense reimbursements by the Investment Manager. Without such waivers and/or reimbursements, the performance would be lower. Future waivers and/or reimbursements are at the discretion of the Investment Manager.

The Bloomberg Barclays High Yield Municipal Bond Index (BB High Yield Municipal Index) is an unmanaged index used as a general measure of market performance. It is not possible to invest directly into an index. Calculations assume dividends and capital gains are reinvested and do not include any managerial expenses.

Municipal bond prices can rise or fall depending on interest rates. Interest rates may go up, causing the value of the fund's investments to decline. All municipal bonds carry credit risk that the issuer will default or be unable to make timely payments of interest and principal. Generally, lower rated bonds carry more credit risk. High-yield bond (junk bonds) funds may be subject to greater volatility and risks as the income derived from these securities is not guaranteed and may be unpredictable and the value of these securities tends to decline when interest rates increases. The fund is classified as "non-diversified," which means it may invest a larger percentage of its assets in a smaller number of issuers than a diversified fund. To the extent the fund invests its assets in fewer issuers, the fund will be more susceptible to negative events.

Mutual funds are subject to market risk, including the loss of principal. Past performance is not indicative of future results.

Mutual Funds are sold by prospectus. Before investing, consider the funds' investment objectives, risks, charges, and expenses. This and other important information is contain in the prospectus. Please go to www.transamerica.com or contact your financial professional to obtain a prospectus or, if available, a summary prospectus containing this information. Please read it carefully before investing.